

Message Text

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61

ACTION ARA-20

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 L-03

RSR-01 PA-03 PRS-01 USIA-15 /152 W

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R 241703Z JUL 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 4998

C O N F I D E N T I A L SANTIAGO 3280

E.O. 11652: GDS

TAGS: EAID, IBRD, CI

SUBJECT: WORLD BANK LOANS

1. LAST NIGHT FOREIGN RELATIONS SUB SECRETARY ORLANDINI CALLED ME TO HIS OFFICE AND MADE A REPRESENTATION CONCERNING IBRD LENDING. HE SAID FON MIN LETELIER WOULD HAVE WISHED TO MAKE THE APPROACH TO US, BUT HAD ASKED ORLANDINI TO DO IT AS HE WAS ON THE POINT OF LEAVING THE COUNTRY FOR THE CUBAN JULY 26 ANNIVERSARY CELEBRATIONS. ORLANDINI EXPLAINED THAT IBRD REPRESENTATIVES HAD WORKED OUT A TENTATIVE ARRANGEMENT WITH CHILE TO EXTEND LOAN FOR FEASIBILITY STUDIES AND RESUME DISBURSEMENTS ON OTHER LOANS TO A TOTAL OF \$10 MILLION. THIS WOULD JUST ABOUT COVER CHILEAN IBRD SERVING OBLIGATIONS IN 1973 AND 1974, AND ALLOW CHILE TO BECOME CURRENT WITH THE IBRD WITHOUT HAVING TO FIND ADDITIONAL HARD CURRENCY FROM ITS OWN RESOURCES. ORLANDINI SAID THE IBRD GOVERNING BOARD IS SCHEDULED TO CONSIDER THE FOREGOING ARRANGEMENT ON AUGUST 7. HE SAID THE GOC IS ENCOURAGED BY SIGNS OF POSSIBLE PROGRESS IN OUR BILATERAL TALKS, AND WOULD TAKE IT AS AN INDICATION OF OUR UNDERSTANDING AND RECIPROCAL DESIRE TO MAKE PROGRESS IF WE FOUND IT POSSIBLE TO SUPPORT THE AFOREMENTIONED IBRD LOAN AND LOAN DISBURSEMENTS. IN ANY CASE, THE GOC VERY MUCH HOPES WE SHALL NOT OPPOSE THE CHILEAN

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PACKAGE.

2. I SAID I COULD NOT GIVE ORLANDINI A SUBSTANTIVE ANSWER WITHOUT CONSULTING WASHINGTON. A BRIEF DISCUSSION OF THE GONZALEZ AMENDMENT ENSURED, AND THE CHILEAN REPRESENTATIVES (CLAUDIO BONNEFOY OF THE WASHINGTON EMBASSY AND MINISTRY ECONOMIC DIRECTOR CARLOS NEGRI WERE ALSO PRESENT) EXPLAINED THAT THEY HAD EXAMINED THE AMENDMENT AND BELIEVED THAT THE PHRASE "GOOD FAITH NEGOTIATIONS ARE IN PROGRESS AIMED AT PROVIDING PROMPT, ADEQUATE, AND EFFECTIVE COMPENSATION UNDER THE APPLICABLE PRINCIPLES OF INTERNATIONAL LAW" COVERED THE PRESENT CASE.

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NNN

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30 JUN 2005

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